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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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In the Matter of)

Amendment of Parts 32 and 64)
of the Commission's Rules to)
Account for Transactions)
between Carriers and Their)
Nonregulated Affiliates)

CC Docket No. 93-251

**REPLY COMMENTS OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY**

Pursuant to Section 1.415 of the Commission's Rules, 47 C.F.R. § 1.415, and the Notice of Proposed Rulemaking issued with respect to this proceeding,¹ American Telephone and Telegraph Company ("AT&T") hereby submits these reply comments.

No commenter disputes the Commission's suggestion (at ¶ 101 of the NPRM) that the proposed affiliate transactions rules are unnecessary for AT&T in light of its competitive and regulatory circumstances.² As AT&T's initial comments demonstrate, the Commission is absolutely correct in its observation that "attempts by AT&T to manipulate the costs it records for affiliate transactions will not increase AT&T's rates" (*id.*), and thus there is no need to continue or impose affiliate transactions rules on AT&T. AT&T, pp. 1-16.

¹ Amendment of Parts 32 and 64 of the Commission's Rules to Account for Transactions between Carriers and Their Nonregulated Affiliates, CC Docket No. 93-251, Notice of Proposed Rulemaking, FCC 93-453, released October 20, 1993 (hereinafter, "NPRM").

² A list of those parties that submitted comments is included as Appendix A.

To the extent that certain parties support the proposed rule changes to govern the transactions "between the regulated and nonregulated affiliates of dominant carriers,"³ but fail to distinguish between AT&T and other carriers characterized as "dominant," their reasoning certainly does not apply to AT&T. For example, ITAA (pp. 1, 4) supports the proposed rules because its members "have an interest in ensuring that the rates they pay for regulated monopoly services are not artificially inflated to subsidize the competitive, unregulated activities of communications common carriers." Id., p. 2. Clearly, and unlike the LECs, AT&T provides no "monopoly services," that give rise to ITAA's concerns. Moreover, and even assuming that ITAA or any other commenter did intend to suggest that the proposed rules be imposed on AT&T, no commenter legitimately disputes the showing that those rules are thoroughly unnecessary because of the competitive and regulatory pricing constraints AT&T faces. See NPRM, ¶ 101; AT&T, pp. 1-13.

³ E.g., ITAA, p. 1 (emphasis added).

Accordingly, the Commission should eliminate its
affiliate transactions rules with respect to AT&T.

Respectfully submitted,

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
By Robert J. McKee
Mark C. Rosenblum
Robert J. McKee
Judy Sello

Room 3252G1
295 North Maple Avenue
Basking Ridge, NJ 07920

Marc E. Manly
Ashutosh A. Bhagwat

1722 Eye Street, N.W.
Washington, D.C. 20006

Its Attorneys

January 10, 1994

Appendix A

List of Commenters
CC Docket 93-251

Allnet Communications Services, Inc. ("Allnet")
American Telephone and Telegraph Company ("AT&T")
Ameritech
Bell Atlantic Telephone Companies ("Bell Atlantic")
BellSouth Telecommunications, Inc. ("BellSouth")
Cincinnati Bell Telephone Company ("CBT")
Coopers & Lybrand ("C&L")
GTE Service Corporation, and its affiliated domestic
telephone operating companies ("GTE")
Information Technology Association of America ("ITAA")
International Communications Association ("ICA")
MCI Telecommunications Corporation ("MCI")
National Telephone Cooperative Association ("NTCA")
New England Telephone and Telegraph Company and New York
Telephone Company ("NYNEX")
Pacific Bell and Nevada Bell ("Pacific")
Public Utility Commission of Texas ("Texas")
Puerto Rico Telephone Company ("PRTC")
Southern New England Telephone Company ("SNET")
Southwestern Bell Corporation ("SWBT")
Sprint Corporation, on behalf of the United and Central
Telephone Companies, Northern Supply Company, and
Sprint/United Management Company ("Sprint")
Tennessee Public Service Commission ("TPSC")
United States Telephone Association ("USTA")
U S WEST Communications, Inc. ("U S WEST")

CERTIFICATE OF SERVICE

I, Hagi Asfaw, do hereby certify that on this 10th day of January, 1994, a copy of the foregoing "Reply Comments of American Telephone and Telegraph Company" was mailed by U.S. first class mail, postage prepaid, to the parties on the attached Service List.

Hagi Asfaw
Hagi Asfaw

SERVICE LIST

Carolyn C. Hill
ALLTEL Service Corporation
Suite 220
655 15th Street, NW
Washington, DC 20005

John T. Lenahan
Barbara J. Kern
Ameritech
Room 4H88
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025

Lawrence W. Katz
David K. Hall
Bell Atlantic Telephone Companies
1710 H Street, NW
Washington, DC 20006

M. Robert Sutherland
BellSouth Telecommunications, Inc.
4300 Southern Bell Center
675 West Peachtree Street, NE
Atlanta, GA 30375

John K. Rose
William D. Baskett III
FROST & JACOBS
2500 PNC Center
201 East Fifth Street
Cincinnati, OH 45202
Attorneys for Cincinnati Bell
Telephone Company

Richard McKenna, HQE03J36
GTE Service Corporation
P.O. Box 152092
Irving, TX 75015-2092

Gail L. Polivy
GTE Service Corporation
1850 M Street, NW, Suite 1200
Washington, DC 20036

Joseph P. Markoski
Kerry E. Murray
Squire, Sanders & Dempsey
1201 Pennsylvania Avenue, NW
P.O. Box 407
Washington, DC 20004
Attorneys for Information
Technology Association of
America

Brian R. Moir
International Communications
Association
1255 23rd Street, NW, Suite 800
Washington, DC 20037-1170

Elizabeth Dickerson
MCI Telecommunications
Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006

Mary McDermott
New York Telephone Company and
New England Telephone and
Telegraph Company
120 Bloomingdale Road
White Plains, NY 10605

David Cosson
Steven E. Watkins
National Telephone Cooperative
Association
2626 Pennsylvania Avenue, NW
Washington, DC 20037

James P. Tuthill
Lucille M. Mates
Pacific Bell and Nevada Bell
Room 1526
140 New Montgomery Street
San Francisco, CA 94105

James L. Wurtz
Pacific Bell and Nevada Bell
1275 Pennsylvania Avenue, NW
Washington, DC 20004

Jay C. Keithley
Sprint Corporation
1850 M Street, NW, Suite 1100
Washington, DC 20036

Robert W. Gee
Karl R. Rabago
Sarah Goodfriend
Public Utility Commission of
Texas
7800 Shoal Creek Boulevard
Austin, TX 78757

W. Richard Morris
Craig T. Smith
Sprint Corporation
P.O. Box 11315
Kansas City, MO 64112

Joe D. Edge
Elizabeth A. Marshall
Hopkins & Sutter
888 Sixteenth Street, NW
Washington, DC 20006
Attorneys for Puerto Rico
Telephone Company

Archie Hickerson
Deputy Director
Tennessee Public Service
Commission
460 James Robertson Parkway
Nashville, TN 37243-0505

Anne U. MacClintock
Vice President - Regulatory
Affairs & Public Policy
Southern New England Telephone
Company
227 Church Street
New Haven, CT 06510

Martin T. McCue
Linda Kent
United States Telephone
Association
1401 H Street, NW, Suite 600
Washington, DC 20005-2136

Robert M. Lynch
Richard C. Hartgrove
Bruce E. Beard
Southwestern Bell Telephone
Company
One Bell Center, Room 3520
St. Louis, MO 63101

Donald M. Mukai
U S WEST, Inc.
1020 19th Street, NW, Suite 700
Washington, DC 20036

John W. Putnam
Coopers & Lybrand
Suite 3300
370 Seventeenth Street
Denver, CO 80202-5633